than an attempt to gain sympathy for the ILEC's attempts in Docket U-05-4 to prevent competitive entry in their markets and should be ignored.

2. Rural Coalition proposed 3 AAC 53.290(j), return to monopoly

The Rural Coalition continues its campaign of fear by proposing a regulation that would impose all forms of traditional rate of return regulation on any market that returns to being served by a single provider. GCI strongly believes that no markets will return to monopoly status, so the regulation is unnecessary. However, in the unlikely event that a market does return to a single provider, GCI suggests that the Commission address that situation when it occurs. GCI strongly hopes that the Commission will then consider alternatives to the current system of rate base/rate of return regulation with inherently inefficient incentives.

3. 3 AAC 53.220(c), Services such as access that remain competitive

The Rural Coalition argued that 3 AAC 53.220(c) should be deleted and that non-dominance should include all services, including services such as access service to interexchange carriers. AT&T Alascom, on the other hand, urged continued and even tighter control over access charges, including a return to USOA[10].

This issue has been thoroughly discussed in earlier rounds of comments. Two of the services that had previously been on the list to remain regulated were removed, and GCI supports the regulation as now proposed.

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[10] Uniform System of Accounts

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In particular as to access charges, GCI notes that the comments of ACS in response to Harbour/Price Question No. 4 are quite similar to the initial comments of GCI. (ACS Comments, Exhibit A, p. 4) Both GCI and ACS noted that, as proposed, access charges will be capped after competitive entry and that full support would be needed to raise the cap, even by a utility otherwise exempt from accounting standards such as the USOA. GCI believes that this approach provides adequate protection against unreasonable access charges, even without increasing regulation by generally re-imposing USOA requirements as proposed by AT&T Alascom.

GCI also agrees with ACS' comment that the current access charge regime is under federal review in the FCC's "Intercarrier Compensation" proceeding. The current regime is likely to change the access charge regime very significantly, and in ways that assure reasonable access. The regulations as proposed, combined with other regulations and the provisions of the Intrastate Interexchange Access Charge Manual, are adequate to assure that access charges do not increase unreasonably. AT&T Alascom's proposals for further changes regarding access charges are unnecessary.

4. 3 AAC 53.243, use of the term "tariff"

ACS suggests that the there is a better term than "tariff" to describe the list of products and prices that a carrier will maintain in a market with no dominant carrier. ACS suggests that the term is not appropriate in the proposed new regulatory regime,

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and ACS states that "the Commission can prescribe a new document to be submitted as an informational filing and maintained for public review." (ACS Comments, p. 9)

GCI partially agrees with ACS that, ideally, "tariff" is not the best word to use in the context of 3 AAC 53.243. However, GCI also believes that, before any other term could be used, the Commission would in fact have to "prescribe a new document to be submitted as an informational filing and maintained for public review." (ACS Comments, p. 9) That would be necessary so that the website available for public review would have all the information that is necessary to be meaningful.

The problem is that there is not adequate time to prescribe the new document, and selecting an alternative term at this late date would leave the term undefined and subject to controversy. Thus, at this time, GCI supports use of the term "tariff".

5. Proposed 3 AAC 53.243(e), Advance Notice to Resellers.

GCI believes that, in large part, this issue has been adequately addressed in prior comments. GCI disagrees with ACS' proposal to now change this regulation, designed to address total service resale, so that it becomes a new, seven day notice requirement by all local carriers to all other local carriers.

ACS' preferred position is that the issue should be dealt with in the context of interconnection agreements. GCI would accept that solution so long as the Commission includes a regulation providing that any local exchange carrier that provides advance notice to any other local exchange carrier that purchase service at wholesale for resale must provide the same advance notice to all other local exchange

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carriers that purchase service at wholesale for resale. In other words, an ILEC should not be allowed to discriminate between its total service resale customers.

6. Proposed 3 AAC 53.243(g)(2), special contracts in markets with no dominant carrier.

In its comments ACS interprets proposed AAC 53.243(g)(2) as requiring the public filing of all information in order to take advantage of the streamlined process. GCI agrees that the regulation should be interpreted in that way, and GCI suggested language in its initial comments to clarify that interpretation.

ACS also argued that if the information is to be public, then the entire contract should be filed rather than a summary. In support, ACS cited the administrative convenience of eliminating the need to create a summary.

GCI partially agrees. GCI suggests that the regulation be amended to allow the alternatives of filing of a summary, as now specified in the proposed regulation, or a copy of the full contract. Adding the alternative of filing the entire contract appears to have no disadvantages, and it would allow carriers to choose that alternative if they desire.

7. Proposed 3 AAC 53.243(i), Modification of rates, terms, or conditions of service.

ACS proposes to amend proposed 3 AAC 53.243(i) so that the Commission could review rates in markets without a dominant carrier only if a complaint is filed by consumers, another company, or the Regulatory Affairs and Public Advocacy

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section (RAPA). In support of its proposal, ACS cited due process principles and the concept of "separation of powers." The effect of ACS' proposal would prevent the Commission from investigating rates on its own initiative, through its staff.

Idealistically, GCI is not entirely opposed to ACS' approach. However, GCI observes that ACS' arguments, if accepted, may require more thorough and fundamental changes than a mere amendment of this section. There are numerous instances in the Commission regulation and practice where actions are initiated by the Commission and its staff. Additionally, the approach advocated by ACS would probably require that RAPA have a much larger staff and funding than it does now. Consumers generally lack time and expertise to pursue rate issues on their own.

Finally, the approach recommended by ACS is not required to avoid due process concerns. The Alaska Supreme Court has specifically recognized that combining investigative and adjudicatory functions in a single administrative agency is legal and not a violation of due process. "That the combination of investigatory and adjudicatory functions in under one agency head is constitutionally permissible is clear" and "a combination of such functions is not a due process violation" *Earth Resources Company of Alaska v. State of Alaska, Department of Revenue,* 665 P.2d 960, fn. 1 (1983).

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8. 3 AAC 53.290(h), partial waiver of 3 AAC 48.270(a)

Both the Rural Coalition and ACS proposed modifications to 3 AAC 53.290(h), which includes a partial waiver of 3 AAC 48.270(a). GCI supports the modification proposed by ACS.

The proposed modification of 3 AAC 53.290(h) arose before the Commission proposed de-tariffing in markets with no dominant carrier. Thus, the proposed modification was originally drafted to address the current regulatory framework. The proposed regulation will still work for markets with a dominant carrier, but as ACS suggests it is not appropriate for a market with no dominant carrier regulated under 3 AAC 53.243. Accordingly, GCI supports the change to 3 AAC 53.290(h) proposed by ACS on its Exhibit B, p. 24.

9. Rate Rebalancing

The Rural Coalition's comments on the proposed regulation on rate rebalancing include one page of discussion, followed by three single spaced pages substantially modifying the proposed regulation. The substantive changes in the Rural Coalition's revised regulation, which are not even discussed, have the effect of selecting the Rural Coalition's approach to rate rebalancing over the case-by-case adjudication favored by the Commission.

GCI agrees with the one change actually discussed and justified in the Rural Coalition's comments, namely that ILECs should be able to file rate rebalancing studies at any time and not just when competition is expected. This change allows time for review without the pressure of an accelerated deadline.

GCI opposes the other changes proposed by the Rural Coalition that have the effect of selecting the Rural Coalition's approach to rate rebalancing over the case-by-case adjudication favored by the Commission. Rural Coalition's proposed 3 AAC 53.245(b)(9) requires the use of company-wide separations factors applied to each noncompetitive exchange. The proposed that use of separations factors is the only way the Rural Coalition can achieve its anti-competitive rate rebalancing objectives, and the proposal is totally contrary to the Rural Coalition's own position that rate rebalancing should treat each exchange as a stand-alone basis to the extent possible.[11] More importantly, the only evidence on the record on this subject, presented by GCI, clearly shows that using company-wide separations factors deprives the small exchanges of the amount of Universal Service Fund (USF) support that they are due.[12] This proposed change should be rejected.

Similarly, Rural Coalition's proposed 3 AAC 53.245(b)(6) requires that a rate rebalancing study be based on the existing USF disaggregation plan, locking in the current flawed plans that create the need for rate rebalancing. Again, the Rural Coalition is attempting to get the Commission to adopt its own rate rebalancing approach, without discussion or support. Proposed 3 AAC 53.245(b)(6) is also

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[11] See Rural Coalition Post-Workshop Comments, R-03-3, pp 26, 28, 30, and fns. 23, 24, 25.
[12] See GCI's Post-Workshop Reply Comments, pp. 6-8 and Appendix (March 14, 2005)

inconsistent with proposed 3 AAC 53.245(b)(7), which requires consideration of alternative disaggregation plans as an alternative to rate rebalancing.

Finally, and again without discussion, the Rural Coalition's proposal would include a requirement that rate rebalancing would result in a new, mini-postage stamp rate area for non-competitive exchanges, rather than individual rates for each exchange. The regulations, as proposed by the Commission, are silent on that question, allowing the issue to be decided on a case by case approach.

This Rural Coalition proposal should not be adopted. That approach would guarantee the need for additional rate rebalancing each time a new exchange become competitive, which is sure to happen if the Rural Coalition succeeds in its efforts to raise the rates in non-competitive areas. The Commission should retain the current, case by case approach.

GCI also objects to the Rural Coalition's continued inclusion of proposed 3 AAC 53.245(g), which provides that a rate rebalancing <u>proposal</u> can be filed in an docket relating to a certificate application to aid in the consideration of the public interest. The Telecommunications Act prohibits "public interest" considerations as a bar to competitive entry. "...Congress demonstrated its intent to open all markets to potential competitors—even markets served by rural or small LECs that may qualify for interconnection relief." *In the Matter of Silver Star Telephone Company, Inc., Petition for Preemption and Declaratory Ruling, Memorandum Opinion and Order,* FCC 97-336, 12 FCC Rcd. 15639, 15659 (September 24, 1997). During the nearly 2

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year history of this proceeding no party has ever objected to GCI's proposal to amend AAC 53.210 to allow competitive entry in all local markets, even markets without existing competition, using an abbreviated application form without any demonstration of the public interest. GCI's proposed amendment is included in the Commission's proposed regulations.

The Rural Coalition's proposal to include proposed 3 AAC 53.245(g), implying that a public interest standard applies to certificate application, should be rejected. Federal law prohibits the application of a general public interest standard to application for a certificate for competitive entry. Section 253 of the Telecommunications Act of 1996, which is titled "Removal of Barriers to Entry", prohibits the application of a public interest test to an application to provide telecommunications service.

Section 253 states a rule that no requirement may prohibit or have the effect of prohibiting any carrier to provide any telecommunications service. 47 USC 253(a). Section 253 then allows a limited exception to the rule for rural markets, namely that state Commissions can require a new entrant into a rural market to provide and advertise service throughout the ILEC's study area if the new entrant has the benefit of "wholesale resale" from the ILEC under Section 251(c)(4). In short, there can be no barriers to entry, but the Commission can require a new entrant to serve throughout a rural ILEC's service areas unless the rural ILEC has a rural exemption that prevents the new entrant from using wholesale resale in order to serve throughout the area.

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It is very instructive to note what the rural market exception to the general rule prohibiting barriers to entry **does not** do. The rural market exception is written by referring to Section 214(e)(1), which concerns the service obligation of ETCs[13]. The exception specifically **does not** refer to Section 214(e)(2), which states that an additional ETC can be designated in a rural study area only if the commission finds that the additional ETC designation is in the public interest. 47 USC Section 214(e)(2). In other words, for rural markets Congress specifically chose to allow imposition of one ETC standard, service throughout the service area, but not to allow imposition of another ETC standard, the public interest test, as a limitation on competitive entry.[14] The unmistakable conclusion is that the "Removal of barriers to entry" standard adopted by Congress prohibits the imposition of a public interest test as a criteria for new entry.

The Federal Communications Commission explicitly affirmed this interpretation of Section 253 in *Silver Star*. That case involved an application by Silver Star to provide competitive local exchange service to a small rural exchange area in Wyoming with approximately 2336 access lines. Silver Star's application for a CPCN was denied by the Wyoming Commission based on a state statute that allowed the incumbent to block entry for a period of time. The stated purpose of the Wyoming statute, included in Legislative Intent, was "to ensure essential

[13] Eligible Telecommunications Carriers
[14] But again, even the "service throughout the service area" restriction cannot be imposed if the new entrant does not have access to wholesale resale of the ILEC's services.

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telecommunications services are universally available to the citizens of this state while encouraging the development of new infrastructure, facilities, products and services.... It is the intent of this act to provide a transition from rate of return regulation of a monopolistic telecommunications industry to competitive markets and to maintain affordable essential telecommunications services throughout the transitions period." (*Silver Star* at 15646). In that case the FCC preempted that Wyoming statute and the Wyoming Commission, specifically ruling that denial of competitive entry based on public interest type considerations such as those set forth in the Legislative Intent was prohibited by Section 253(a). The FCC explained that Congress chose to provide limited protections for rural markets, including Section 253(f) permitting a requirement for service throughout an area and Section 214(e)(2) requiring a public interest determination for designation of a second ETC, but did not allow denial of entry: "These accommodations [253(f) and 214(e)(2)] to the unique circumstances of rural telephone companies, like those in section 251(f), indicate that Congress did not contemplate that States could "protect" rural telephone companies with the much more competitively restrictive method of a categorical ban on entry." *Silver Star* at 15959. The FCC further stated that "By granting rural and small LECs relief from the interconnection obligations instead of an outright prohibition on competition, however, Congress demonstrated its intent to open all markets to potential competitors—even markets served by rural or small LECs that may qualify for interconnection relief." (Id at 15659.)

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This Commission has also affirmed—twice--that the Telecommunications Act does not allow the consideration of such public interest issue when judging an application for competitive entry. In Docket U-01-109, KPU requested a public hearing to test whether local competition is in the public interest, and the Commission ruled that "the Telecommunications Act precludes us from denying a certificate application for the reasons that KPU would like to demonstrate through evidence at a hearing." (Order U-01-109(3), p. 5.) This Commission affirmed that decision on reconsideration. (Order U-01-109(4)).

Thus, the Telecommunications Act, as confirmed by decisions of the FCC, demonstrates that an application for competitive entry cannot be denied based on alleged "public interest" concerns. The provision in proposed 3 AAC 53.245(g) that would insert a public interest test into an application for a certificate is contrary to law and should be rejected.

B. Provisions for Interexchange Markets

1. Market Competitiveness

ACS once again questions whether the interexchange market is competitive, contradicting prior advocacy and ignoring obvious market characteristics such as market shares and prices at or below cost. In this instance ACS alleges anticompetitive conduct by GCI involving a grant funding of the Alaska Telecommunications Users Consortium (ATUC).

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ACS' is wrong. GCI commented on the ATUC proposal because GCI opposes government funding of one competitor in an existing, competitive market where other competitors are funded with private capital. Such government-subsidization of a single competitor is, as even ACS recognizes, undesirable. (ACS Comments, p. 5) The difference between ACS and GCI is that ACS concluded in this instance that ATUC did not intend to become a competitor, while GCI concluded that was exactly ATUC's intent. The Denali Commission, the agency in charge of this grant, apparently agreed with GCI and not ACS.[15]

In its redraft of proposed regulations, Exhibit B, ACS proposes in several instances to add language allowing review of rates "that may have been set on any basis other than an application of market forces." (ACS Exhibit B, p. 9, 10) GCI understands that ACS proposes this language based on its allegations of anticompetitive conduct.

GCI opposes the specific language proposed by ACS because it is extremely vague. However, GCI is pleased that ACS has apparently abandoned its contention that the Commission cannot consider antitrust considerations when it evaluates rates, and GCI would not object to more appropriate language to incorporate antitrust considerations.

[15] GCI has not and does not oppose entry into its markets by other competitors. GCI did not oppose MTA's entry into the cable television market. Nor did GCI oppose KPU's entry into that market, GCI only asked that the Commission also take steps to make the local market competitive at the same time. GCI has not opposed competitive long distance entry or further local exchange entry by other entities

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2. Proposed 3 AAC 52.375, Wholesale Services

AT&T Alascom proposed an amendment to proposed 3 AAC 52.375, Wholesale Services. The primary purpose of the amendment is to change the filing requirements for wholesale rate increases, eliminating requirements that are not applicable to rates determined based on incremental and embedded direct, rather than rate based/rate of return, methodologies. AT&T Alascom's proposals are consistent with the initial comments of GCI and GCI urges that they be adopted.

3. Carrier of Last Resort Obligations

AT&T Alascom complains that the proposed regulations now place requirement on it, as the carrier of last resort (COLR), that are actually only appropriate for a dominant carrier. AT&T Alascom cites the fact that the requirements, as they currently exist, apply to dominant carriers, not the carrier of last resort.

GCI takes no position as to whether any particular requirement can be or should be imposed on AT&T Alascom as COLR. GCI does disagree, however, with some of the arguments presented by AT&T Alascom.

There is an inherent flaw in AT&T Alascom's argument that any requirement in the current regulation that applies based on a dominant status applies only because of that status and not because of carrier of last resort status. The flaw is that under current regulations "dominant carrier" equals "carrier of last resort". "A dominant carrier is responsible for providing intrastate interexchange telephone service as the

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carrier of last resort." 3 AAC 52.390(2) Therefore, there was little need for the Commission to carefully distinguish between the two concepts when it previously adopted regulations.

This can be best seen in the current version of 3 AAC 52.365. That section establishes a lesser standard for discontinuance, suspension, or abandonment of service by a nondominant, but not a dominant, carrier. It seems obvious that abandonment of service is a carrier of last resort concept, but the current regulations address the concept in terms of dominant/nondominant requirements.

GCI also notes its doubts regarding AT&T's statistic that it now has a market share of only 42 percent. This low market share percentage appears to be the result of AT&T Alascom's continuing inability to accurately report all of the minutes associated with Alaska to Alaska debit card traffic.

III. Conclusion

As noted at the outset, relatively few significant issues remain to be resolved in this Docket. GCI's appreciates the Commission's diligent efforts.

The regulations ultimately adopted in this matter will provide incumbent carriers virtually all the tools that they requested to enable them to face competitive entry. The regulations will more than fulfill every principle and standard in HB 111 regarding treatment of incumbents.

Almost lost in this Docket, however, are the provisions of HB 111 clearly favoring the competitive providing of all telecommunications services. HB 111 also

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states that “competition among telecommunications companies shall be encouraged.” HB111(b)(4). There is only one provision in the regulations that encourages competition, and that is the amendment to 3 AAC 53.210 that simplifies the application process for a certificate of public convenience and necessity.

Thus, with the final adoption of regulations establishing a revised market structure for competitive local markets, it will also be time to truly fulfill the intent of HB 111 by granting applications to provide competitive local exchange service and allowing competition to begin.

DATED at Anchorage, Alaska this 19th day of May, 2005.

GENERAL COMMUNICATION, INC.

BY:
James R. Jackson
Its: Regulatory Attorney

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VERIFICATION

I, James R. Jackson, verify that I believe the statements contained in this pleading are true and accurate.

James R. Jackson

SUBSCRIBED AND SWORN to before me this 19th day of May, 2005.

NANCY NEWELL
NOTARY
PUBLIC
STATE OF ALASKA
My Commission Expires:

Notary Public in and for Alaska
My commission expires:

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EXHIBIT I

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STATE OF ALASKA

THE REGULATORY COMMISSION OF ALASKA

Before Commissioners: Mark Johnson, Chair
Kate Giard
Dave Harbour
James S. Strandberg
G. Nanette Thompson

In the Matter of the New Requirements)
Of 47 CFR § 51 Related to FCC Triennial Review)
Order Interconnection Provisions and Policies) R-03-7
)

RESPONSE OF GCI TO RCA ORDER REQUESTING DATA

GCI Communication Corp. d/b/a General Communication, Inc. and d/b/a GCI ("GCI") hereby submits its responses to the data requests issued by the Commission on March 1, 2004 as Appendix A to Order No. 3 in the above-captioned docket. Pursuant to the Order, GCI is required to respond to questions 1, 2, 3, 4, 20, 21, 22, 23, and 24. GCI has repeated those questions herein, followed by GCI's response.

QUESTION 1

1) For each area you provide local exchange telecommunications services to either on a facilities basis or otherwise, please state:

(a) The number of lines you provide service to in each local incumbent's study area.

Response: As of January 2004, GCI served 87,327 lines in Anchorage, 10,987 lines in Fairbanks, and 6,291 lines in Juneau.

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(b) Our estimated share (percentage) of the total lines served in each local incumbent's study area.

Response: GCI estimates its share of local lines served to be 45.9% in Anchorage, 24.6% in Fairbanks, and 23.3% in Juneau, based on the estimated total market lines set forth in the response to Question 1(c).

(c) Your estimate of the total number of lines in each local incumbent's study area.

Response: Combining the GCI line counts with the line counts reported by ACS on the CASBB bills dated February 2004, GCI believes there are approximately 190,424 lines in Anchorage, 44,654 lines in Fairbanks, 26,948 lines in Juneau.

QUESTION 2

2) Non-incumbent carriers only: For competitors that serve DS0 end user customers using their own switching facilities, describe where or under what conditions you are unable to provide service to end user customers due to lack of access to end-user DS0 loops or other factors.

Response: GCI provided extensive information and data addressing Question 2 in its Comments and accompanying testimony, and as the Commission recognized in Order No. 3, "GCI has already provided information on lack of access to customers through CLEC switches."[1] The Commission also determined that it would "not ask any commenter to restate a position already in the record."[2] For this reason, GCI will not restate the information already submitted in the record of this proceeding in this response to Question 2 here, but incorporates that information by reference and refers the Commission to the GCI Comments at 4-32, the Testimony of Emily Thatcher at 2-24 and Exhibits ET-1, ET-2, ET-3, ET-4[3], ET-5, ET-6, ET-7, and ET-8.

In addition, attached hereto are three additional maps, designated Exhibit ET-10, ET-11, and ET-12, that depict the geographic areas in each of Fairbanks,

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1 Order No. 3 at 8.

2 *Id.*

3 A revised version of ET-4 is attached hereto. The exhibit has been revised to reflect that the device at Thread Needle is a DLC (rather than an OPM, as depicted in the original version), serving lines to which GCI does have access.

Juneau, and Anchorage where GCI has access to loops via its own switching facilities (in green) and where it does not due to ACS' network architecture (in yellow).

QUESTION 3

3) For a carrier responding to Question 2 that is unable to access certain end-user DS0 loops using its own switching facilities, explain what typical additional costs would be incurred to obtain access to those lines in a service area. If typical costs differ by the nature of the impairment, please indicate so.

Response: The only potential solutions to address the impairment caused by ACS' network design (other than continued access to ACS unbundled switching in these circumstances) are: (1) ACS network design changes, as required pursuant to paragraph 297 of the *Triennial Review Order*, or (2) further collocation by GCI at the sub-loop level, which is not required in lieu of access to loops. *See* GCI Comments at 11-14.

There a number of ACS network adjustments that could be made to accommodate GCI's access to customer loops when ACS installs devices between the customer premises and the central office switch. Should ACS determine the need to install a remote switch or DLC in an area where GCI currently has access to unbundled loops, ACS could leave a sufficient number of copper pairs available to GCI to continue providing service on unbundled loops (effectively bypassing the remote switch or DLC). A sufficient number of copper pairs would be that quantity of pairs necessary to meet the current requirements and reasonable growth. If multiplexing is available at the remote switch or DLC, another technical solution would be the availability to GCI of enhanced extended links ("EELs")—a combination of UNE DS1s, multiplexing, and UNE loops, which GCI could then connect to its own switching facilities. The costs for these solutions should be minimal, given that they would simply require ACS to keep existing network facilities available for use when deploying new devices in its network and that such facilities would continue to be made available to GCI at the applicable UNE rates. In the case of a DLC deployment, ACS could deploy DLCs with multi-hosting capability. With these devices, GCI can access the loops via multi-hosting with a minimum of two T-1 circuits.

As for the second option of further GCI collocation at the sub-loop level—which would be necessary for any non-multi-hostable device ACS deploys—GCI expects that the direct costs to GCI would be significantly higher than any

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of the options discussed above. The costs to GCI of further collocation vary from site to site, according to factors including the type of device ACS has installed (*e.g.*, remote/DLC/OPM, multi-hostable/non-multi-hostable), availability of space and power for collocation, and the required capacity. For those OPMs and DLCs that have internal cross-connect panels or external cross-connect cabinets in lieu of main distribution frames, extraordinary modifications may be necessary to terminate tie cables from an adjacently collocated DLC, so that regardless of the tasks and costs, collocation to access such devices would be futile. *See* GCI Comments at 22. At the very least, the steps necessary to reconstruct the ACS facilities where the facility cross-connect panels or cabinets do not support the termination of tie cables to a collocated DLC would not be incurred when collocating at sites that employ a main distribution frame. *See* Thatcher Testimony at 12-13 (discussing tasks required to replace the cross-connect panel or cabinet and providing examples of costs under different collocation methodologies). Other examples of when collocation and cross-connect may not be achievable are lack of available space for physical or adjacent collocation, lack of capacity at the main distribution frame, or lack of space for cross-connection in housing for remotes or concentrators. *See* Thatcher Testimony at 14.

Where these limitations do not exist, however, physical or adjacent collocation can be established through a series of tasks as set forth in the attached Exhibits GCI-1 (Physical Collocation – Typical Task List) and GCI-2 (Adjacent Collocation – Typical Task List). Collocation at the ACS network devices at issue could typically only be accommodated through adjacent collocation, and Exhibit GCI-3 (attached hereto) sets forth sample adjacent collocation costs, based on GCI's estimates for collocation at four locations. The first is the remote at Steese in Fairbanks, to which approximately 2,795 lines are homed. GCI estimates that collocation to access sub-loops at that site would cost approximately $241,956. The second is the OPM at Dale Road in Fairbanks, to which approximately 646 lines are homed. GCI estimates that collocation to access sub-loops at that site would cost approximately $155,809. The third is the remote at Mendenhall in Juneau, to which approximately 3,119 lines are homes. GCI estimates that collocation to access sub-loops at that site would cost approximately $251,194. The fourth is the remote at Lemon Creek in Juneau, to which approximately 2,271 lines are homed. GCI estimates that collocation to access sub-loops at that site would cost approximately $217,850. It should be noted, however, that the duration and cost of any collocation project may vary by as many tasks that apply, so these representative cost estimates are provided to reflect the type and magnitude of costs that may be incurred. GCI has also addressed the issue of additional costs that would incurred to obtain

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access to loops served by non-multi-hostable devices in its filed Comments. *See* GCI Comments at 21-23 and Thatcher Testimony at 11-14.

Even further highlighting the unpredictable nature of collocation costs, some of GCI's costs in establishing a new collocation are within ACS' control. *See* Thatcher Testimony at 12-13. Examples of costs ACS controls are:

- Preparing and submitting bids for contract work, reviewing responses, and awarded contracts.

- Preparing space in the ACS central office. This includes engineering, preparation of work orders, ordering of material, logistics, installation of cable rack, mounting cable blocks on the MDF, placing of VF, DS-1, and DS-3 tie cables, splicing, terminating, and testing of those cables, placement of power conductors, and construction of vaults and duct systems (if provided by ACS). This work is usually done by ACS employees.

- Preparing collocation space (physical collocation). This includes architectural design work; obtaining permits; ordering building materials, HVAC, and fire suppression equipment; demolition and asbestos abatement; framing; sheetrock work; plumbing; electrical work; painting; and flooring. And because this work is usually contracted out, even ACS is not within total control of the costs it ultimately passes onto GCI.

In fact, ACS' cost estimates on prior projects typically have been less than the actual costs, as demonstrated by the following data:

Globe (Adjacent)	Estimate:	$126,695	Actual:	$158,890
Greenwood (Physical)	Estimate:	$237,593	Actual:	$272,490
Juneau*	Estimate	$144,933*	Actual:	$311,272

* This was the total estimated for Juneau Main (physical) and Sterling (adjacent), which does not include ACS labor costs for Juneau Main. Some of the cost increases were due to changes in scope of work, but the balance resulted from changes to the original estimated costs.

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QUESTION 4

4) For each month beginning with January 1, 2003, please identify the monthly churn rate your company has experienced in providing local exchange services to end user customers in Alaska. In answering this request, you should calculate the churn rate as the number of voice grade equivalent lines lost each month divided by the average number of voice grade equivalent lines in service each month. In calculating the churn rate, do not include customers that move but remain your customer.

Response: *See* Exhibit GCI-4, attached hereto.

QUESTION 20

20) If you are proposing that the RCA develop a batch hot-cut process, please describe what process you would have the RCA establish, and how the process you advocate would resolve any impairment issues or ACS batch cut process efficiencies you believe exist. When responding to this question, please include the following information:

a) An estimate of the maximum number of lines that should be processed in each batch.
b) The estimate cost to each party of implementing your proposed solution.
c) A "stand alone" document that identifies all of the details of your proposal. At a minimum, include in this document the following information:
d) a list of each task that is part of your proposed batch hot-cut process;
the deadlines associated with beginning and completing each task;
the terms and conditions that apply under your proposal;
whether your proposal replaces, modifies, or assumes the continuing existence of any current ACS batch cut processes.

Response: GCI has consolidated its batch host-cut proposal described in its Comments (at 24-31) and in the Testimony of M. Sue Keeling in Exhibit GCI-5 (attached hereto). Exhibit GCI-5 also addresses each of the subparts set forth in Question 20.

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